WSCA 2009 PC Contract Recommendations

WSCA 2009 PC Contract Study Group
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Analysis and recommendations regarding State Government use of the 2009 WSCA PC Contract.

Review/Approvals:
Desktop Domain Team: March 3, 2009
Architecture Team: March 13, 2009
Architecture Review Board: April 8, 2009
State Information Technology Advisory Committee: June 25, 2009

WSCA 2009 PC CONTRACT STUDY GOUP RECOMMENDATIONS

Executive Summary

The Western States Contract Alliance (WSCA) PC Contract is the purchasing vehicle North Dakota currently uses for standard PC configurations. The current WSCA PC contract will expire August 31, 2009. A procurement team consisting of 15 states, led by the State of Minnesota, is conducting an RFP to award a new WSCA PC contract beginning September 1, 2009.

A new feature of the WSCA contract is a set of standard PC configurations called the "WSCA Premium Savings Package Pricing (PSPP) configurations". The WSCA PSPP team is a group of WSCA members who work cooperatively to define packages (standard configurations) which can serve as a "state standard". By cooperatively establishing the standard configurations, the states potentially bring greater volumes to the table which, in turn, bring better pricing as a result of a manufacturer's production cost efficiency. The WSCA PSPP program started in 2008 and there are currently nine states participating. PC manufacturers currently participating in the WSCA PSPP program include HP, Dell, and Lenovo.

North Dakota is participating in the WSCA PC RFP process. A study group made up of representatives from ND state agencies in coordination with the State's Enterprise Architecture program have developed the following recommendations for using the new 2009 WSCA PC contract as the State's procurement vehicle for standard PC configurations.

Recommendations:

1. The State will use the new 2009 WSCA PC contract as the purchasing vehicle for the State's standard PC configurations starting September 1, 2009. ITD will work in cooperation with the OMB State Procurement Office to execute State Contracts with selected WSCA PC manufacturers.

2. State agencies will use the WSCA Premium Savings Package Pricing (PSPP) configurations as our ND standard configurations effective with the 2009 WSCA contract.

3. Enterprise support providers (ITD and NDACo) will publish a subset of the WSCA PSPP standard configurations as the supported vendor configurations for their customer agencies in order to maintain efficiencies for desktop support.

4. Agencies that do not use enterprise support providers (i.e. agencies with their own PC support staff) may optionally purchase an agency-specific subset of WSCA PSPP standard configurations. Agencies should source from a single WSCA PSPP vendor when possible to maintain efficiencies for desktop support.

5. The State's contract team will provide ongoing review of the WSCA PSPP standards and will communicate to enterprise support providers and agencies regarding updated standards, web site updates, ordering processes, and related guidance on recommended configurations.

6. State agencies are required to purchase PCs from the WSCA PSPP configurations when business needs can be met by these configurations. An exception process similar to that used for the current contract will be used for requests to purchase standard configurations outside of this contract.

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Detailed Background / Analysis for Recommendations

Recommendation 1 – The State will use the new 2009 WSCA PC contract as the purchasing vehicle for the State's standard PC configurations starting September 1, 2009.

Background / Analysis:
The State has used the WSCA PC contract as a purchasing vehicle since 1999. Overall, State agencies have seen value in using the WSCA contract and in the quality of PC equipment and support from the PC vendors awarded under the contract.

The WSCA contract is a culmination of a competitive RFP process that is undertaken every 3-5 years resulting in competitively priced PC equipment and value-added components such as:

- PC Vendor Viability
  - Financial stability of the company
  - Strength and quality of product offering
  - Market share
  - Production facilities and manufacturing capacity
  - Experience with enterprise level contracts

- Service level capacity, quality, and timeliness
  - Pre-sales support
  - Quality of manufacturing process
  - Delivery
  - Warranty support
  - Technical support

- E-commerce capability
  - Customized web site including
    - State's standard products and specifications
    - Electronic processing of orders and payments
    - Order tracking

- Environmental Requirements
  - E-Waste programs including recycling and trade-in programs
  - Environmental certified components and manufacturing
  - Certifications such as Energy-Star and EPEAT

- Reporting capability
  - Customized reports delivered quarterly to the State

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Recommendation 2 – State agencies will use the WSCA Premium Savings Package Pricing (PSPP) configurations as ND standard configurations effective with the 2009 WSCA contract.

Background / Analysis:
The State started a purchasing program using standard PC configurations in 2005. The State's Enterprise Architecture Program defined two desktop and two laptop configurations and conducted an RFP. The State's procurement strategy was to commit all State purchases for the standard configurations to one or two vendors in order to aggregate volume and get the best possible price. The standard configurations were awarded to HP and resulted in aggressive price discounts compared to WSCA standard contract discounts (see Attachment 1 – Total Spending Report).

In 2008, WSCA established a new standard configuration model called "WSCA Premium Savings Package Pricing (PSPP) configurations", which can serve as state standard configurations. By cooperatively establishing these configurations, the states bring potentially greater volumes to the table to get better pricing. There are currently nine states participating in the WSCA PSPP program. PC manufacturers currently participating in the WSCA PSPP program include HP, Dell, and Lenovo.

Our ND study group has reviewed the WSCA PSPP program and we believe that it can meet the needs of North Dakota regarding a standard PC configuration purchasing vehicle. The WSCA PSPP program also changes the procurement model somewhat for us in that we are aggregating our purchasing with multiple states and as this program matures we will likely see even greater benefits.

Standard Configuration Equipment Analysis:
The current WSCA PSPP configurations are similar to the ND configurations. There are two desktop configurations - "Standard" and "Performance" which are comparable to our "Mainstream" and "Power User" configurations. There is also an "Education" desktop configuration with an AMD processor option. There are four laptop configurations – the "Standard Laptop" is a light travelling laptop while the "Desktop Replacement Laptop" is similar to our "Mainstream" and "Power User" configurations. An "Ultra-Light Laptop" and a "Tablet Laptop" are provided as additional laptop selections. A variety of flat screen monitors are also included as options. (See Attachment 2 – WSCA PSPP Configurations)

There are some minor differences in the hardware configurations such as processor, hard drive, and memory. These differences are due primarily to the timing differences in updating the configurations. The WSCA PSPP configurations are reviewed every six months and new configurations are negotiated if upgrades are necessary.

Equipment Cost Analysis:
The ND standard configurations have a discount average of approximately 27% less than the standard WSCA contract price. WSCA PSPP configuration pricing has resulted in discounts ranging from 13% to 43% less than the standard WSCA contract price. An analysis comparing our current standard configuration purchases to similar purchases under the WSCA PSPP contract show comparable savings (see Attachment 3 – WSCA Cost Analysis).

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Recommendations 3 & 4 – Support Considerations for enterprise support providers and agencies using the WSCA PSPP configurations.

Background / Analysis:
A major consideration in PC total cost of ownership (TCO) is support costs. The most significant reduction in PC TCO is the result of a "managed" PC environment (fleet); which consists of management tools such as software that can deploy and provide remote management capabilities, processes, and policies enforced across a PC fleet. According to Gartner Group, a well managed fleet of PCs can be 42% less expensive to support than one which is unmanaged. This discussion is beyond the scope of a PC hardware procurement contract, yet PC support can be impacted by the structure of our PC procurement strategy.

Support Cost Analysis:
Support costs are impacted by the number of unique configurations which must be maintained. This is why we use "standard configurations" to minimize the number of different configurations, as part of the PC contract. Another factor which can impact support costs is the number of different vendors an organization must interface to support its PC fleet. For these reasons we recommend purchases within any state PC support organization, whether it be an enterprise support organization or an agency with its own support staff, be made consistently from the same manufacturer. If multiple vendors are used within a PC support organization based on business requirements, the type of PC (i.e. desktop, laptop) should be sourced from the same manufacture to reduce support costs.

As part of our research, the ND study team visited with a Gartner Group analyst to discuss this topic. In the late 1990's to the early 2000's, using multi-sourcing for PC contracts was necessary because there were more supply chain, availability, and reliability issues. The analyst indicated that purchasing from a single vendor is becoming more prevalent and can be used successfully because the PC industry's supply chain has become more stable. Vendor management is critical. Regular meetings to address supply/support issues should occur as soon as possible. A caveat of a single vendor model is that the sole supplier may become complacent, assume that you are a captive buyer, and thereby provide less aggressive pricing and/or subpar support over the longer term.

A multiple vendor model can also be used. One of the strong points of this model is that pricing is kept competitive. It also provides a fallback if there is some sort of business disruption or performance issue with one of the vendors. A caveat for using a multi-vendor model is that support costs increase when support staff need to be trained and work with multiple vendors. The analyst recommended that with a multi-vendor model the State should keep vendor consistency at the enterprise support organization level and at an agency level (for agencies that have their own support staff).

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Recommendation 5 – The State's contract team will provide ongoing review of the WSCA PSPP standards and will communicate to enterprise support providers and agencies regarding updated standards, web site updates, ordering processes, and related guidance on recommended configurations.

Background / Analysis:
The ND contract team currently manages four standard configurations consisting of two desktops and two laptops. As PC configurations become outdated, the team researches current technology offerings and negotiates new standard configurations with HP. We also meet with HP periodically to learn about the lifecycles of the PC models that we have on the contract and receive roadmap information on new equipment that will be released to replace our current models. The WSCA PSPP group has a similar process to review and keep their configurations updated. The group updates its configurations, as necessary, every six months and negotiates upgraded standards with the participating vendors (currently HP, Dell, and Lenovo).

While the current process has worked well to keep our configurations current with ongoing changes in technology, it can also be a significant investment of time during the transition from one model to another. By limiting our standard configurations to four models and a single vendor we have been able to keep contract administration costs manageable. However, this also has some limitations in terms of satisfying varying needs of agency end users, particularly in choices of laptop PCs. We have had requests from agencies for standard configurations which include light weight and tablet laptops.

The WSCA PSPP configurations include a wider breadth of offerings, particularly in the laptop configurations which include ultra-light and tablet models. By participating as part of this larger cooperative group, ND will also leverage resources and expertise from the other participating states to maintain and update the standard configurations. The ND contract team will participate on the WSCA PSPP team to ensure ND has input into the standard setting process. The ND team will also continue its current role to communicate new standards, ordering processes, and guidance on standard configurations to state agencies.

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Recommendation 6 – State agencies are required to purchase PCs from the WSCA PSPP configurations when business needs can be met by these configurations. An exception process similar to that used for the current contract will be used for requests to purchase standard configurations outside of this contract.

Background / Analysis:
The current state contract for standard configurations was established as a "mandatory" state term contract by the State Information Technology Advisory Committee (SITAC) with the provision that agencies whose needs can be met by the standard configurations must purchase from the standard configuration contract, unless a waiver is approved from the contract administrator. The waiver process does not apply to "custom configurations" which is defined as a configuration that cannot be met by the standard configurations (an example would be a high-end workstation).

The study team is recommending that a similar provision would be enforced requiring state agencies purchase the WSCA PSPP standard configurations when their business needs can be met by those configurations. An exception process similar to the one currently used would be required to buy standard configuration equivalents outside of the WSCA PSPP contract.

The State's contract team should have the authority to remove certain WSCA PSPP configurations from the recommended state standard configurations when it is in the State' best interest. Examples of situations where this may be necessary are when a vendor's standard configuration pricing is significantly out of the competitive range within the WSCA PSPP contract pool, or if a vendor's support services under the contract are judged by the team to be poor or substandard.

WSCA 2009 PC CONTRACT STUDY GOUP RECOMMENDATIONS

Attachment 1 – Total Spending Report

HP Contract Spend - ND Standard Configurations		
Contract Start (Dec. 2004) - December 31, 2008		
	State Gov	Total (State, Local, Educ)
Contract Spend	$5,650,521	$16,792,189
Savings From List Price	$3,139,860	$10,149,832
Savings from WSCA Catalog Price	$2,062,529	$6,981,409

WSCA/NASPO Premium Savings Package

May 2009 - October 2009

This is only a summary of the minimum specifications for each standard configuration. Detailed specifications, customization options, and ordering capabilities for each vendor can be obtained from their respective web page.

Desktop Minimum Specifications

	Education Desktop PC	Standard Desktop PC	Performance Desktop PC
Operating System	Windows Vista Business	Windows Vista Business	Windows Vista Business
Processor	AMD Athlon 5200B+ dual core, 2.7 GHz OR Intel 2.5ghz (E5200)	Intel Core 2 Duo E8400 (6ML2, 3.00 GHz, 1333FSB, 45nm)	Core 2 Duo E-8500 (6ML2, 3.16GHz, 1333FSB, 45 nm)
RAM - capacity, type and open slots	2 GB (2x1GB), DDR2 two open slots	2 GB (2x1GB) DDR2 two open slots	4 GB (2x2GB), DDR2 two open slots,
Hard Drive - capacity, type and rpms	80 GB SATA hard drive 7200 rpm	80 GB SATA hard drive 7200 rpm	160 GB SATA hard drive 7200 rpm
Network	Integrated Ethernet 10/100/1000	Integrated Ethernet 10/100/1000	Integrated Ethernet 10/100/1000
Optical Drive	DVD +/- RW	DVD +/- RW	DVD +/- RW
Video - screen size and type	Not Applicable	Not Applicable	Not Applicable
Case	Desktop case	Desktop, SFF, etc	Tower case
Video	Integrated video	Integrated video	PCI Express x-16 256 MB discrete dual video
USB	Six USB 2.0 ports	Six USB 2.0 ports	Six USB 2.0 ports
Warranty	Three year next working day on site warranty	Three year next working day on site warranty	Three year next working day on site warranty
Energy-Star	Energy Star compliant per v4.0 Tier 1 standard	Energy Star compliant per v4.0 Tier 1 standard	Energy Star compliant per v4.0 Tier 1 standard
EPEAT	EPEAT silver level	EPEATsilver level	EPEAT silver level

WSCA/NASPO Premium Savings Package
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Laptop Minimum Specifications

	Standard Laptop	Desktop Replacement Laptop	Ultra-Light Laptop	Tablet
Operating System	Windows Vista Business	Windows Vista Business	Windows Vista Business	Windows Vista Business
Processor	Core 2 Duo processor P8400 (2.26 GHz, 3M L2 Cache, 1066 MHz FSB	Core 2 Duo processor P8600 (2ML2, 2.40 GHz, 1066FSB, 45nm)	Intel SL9300 (6ML2, 1.60 GHz, 1066FSB, 45nm) or SU9300 (2ML2, 1.20 GHz, 800FSB, 45nm) - on offering only	Intel T7500 (2.2 GHz) **or** SL9300 (1.60 GHz) **or** SU9300 1.20 GHz (one offering only)
RAM - capacity, type and open slots	2 GB (2x1GB), DDR2, zero open slots	4 GB (2x2GB), DDR2, zero open slots	2 GB (2x1GB) DDR2 zero open slot	2GB (2x1GB), DDR2, zero open slot
Wireless	Integrated 802.11a/g/n wireless networking	Integrated 802.11a/g/n wireless networking	Integrated 802.11a/g/n wireless networking	Integrated 802.11a/g/n wireless networking
Hard Drive - capacity, type and rpms	80 GB SATA hard drive 5400 rpm	160 GB SATA hard drive 5400 rpm	60 GB ATA hard drive 4200 rpm	80 GB SATA hard drive 5400 rpm or 80GB PATA hard drive 4200 rpm
Network	Integrated Ethernet 10/100/1000	Integrated Ethernet 10/100/1000	Integrated Ethernet 10/100/1000	Integrated Ethernet 10/100/1000
Optical Drive	DVD +/- RW	DVD +/- RW	DVD +/- RW	Modular CD-RW/DVD-ROM combo
Video - screen size and type	14" WXGA TFT active matrix	15" WXGA TFT active matrix	12" XGA or WXGA active matrix	XGA or WXGA TFT active matrix with rotating hinge for tablet functionality
Video	128 MB graphics	128 MB graphics	128 MB graphics	Integrated Intel Graphics Media Accelerator 64 MB memory
USB	Two USB 2.0 ports	Two USB 2.0 ports	Two USB 2.0 ports	Two USB 2.0 ports
Warranty	Three year next working day warranty, on site	Three year next working day warranty, on site	Three year next working day warranty	Three year next working day warranty
EPEAT	EPEAT silver level	EPEAT silver level	EPEAT silver level	EPEAT silver level

WSCA/NASPO Premium Savings Package
May 2009 - October 2009

Monitor Specifications

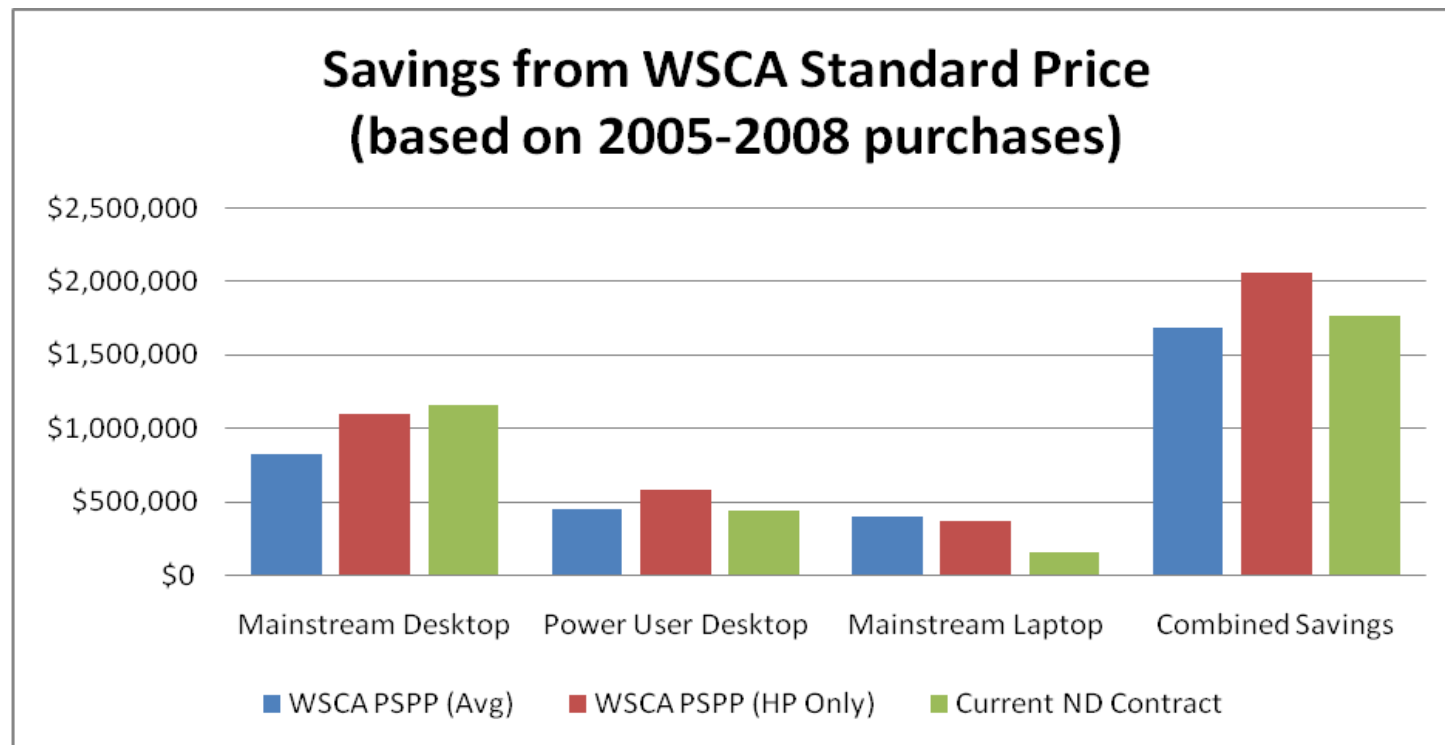|	17" Monitor	19" Monitor	19" wide format monitor	22" wide format Monitor	17" Education Monitor	19" Wide Education Monitor
Screen size	17 inches	19 inches	19 inches	22 inches	17 inches	19 inches
Format	Standard format	Standard format	Wide-Format, WSXGA compatible	Wide-Format, WSXGA compatible	Standard format	Wide-Format, WSXGA compatible
Resolution	1280x1024	1280x1024	1440x900	1680x1050	1280x1024	1440x900
Brightness	250 Nits / cd/m2	250 Nits / cd/m2	250 Nits / cd/m2	250 Nits / cd/m2	200 Nits / cd/m2	200 Nits / cd/m2
Contrast	500 to 1	500 to 1	400 to 1	400 to 1	500 to 1	400 to 1
Response Time	8 ms	8 ms	8 ms	8 ms	12 ms	12 ms
Pixel Policy	ISO-13406-2	ISO-13406-2	ISO-13406-2	ISO-13406-2	ISO-13406-2	ISO-13406-2
VGA interface	VGA interface required	VGA interface required	VGA interface required	VGA interface required	VGA interface required	VGA interface required
DVI interface	DVI interface required	DVI interface required	DVI interface required	DVI interface required	Specify whether DVI interface is included	Specify whether DVI interface is included
Warranty	3yr (Parts and labor) 3yr backlight included	3yr (Parts and labor) 3yr backlight included	3yr (Parts and labor) 3yr backlight included	3yr (Parts and labor) 3yr backlight included	3yr (Parts and labor) 3yr backlight included	3yr (Parts and labor) 3yr backlight included
Stand	Height-adjustable stand	Height-adjustable stand	Height-adjustable stand	Height-adjustable stand	Specify whether stand is height-adjustable	Specify whether stand is height-adjustable
Energy-Star	Energy Star compliant per v4.1 Tier II standard	Energy Star compliant per v4.1 Tier II standard	Energy Star compliant per v4.1 Tier II standard	Energy Star compliant per v4.1 Tier II standard	Energy Star compliant per v4.1 Tier II standard	Energy Star compliant per v4.1 Tier II standard
EPEAT	EPEAT silver level	EPEAT silver level	EPEAT silver level	EPEAT Gold level	EPEAT bronze level	EPEAT bronze level

WSCA 2009 PC CONTRACT STUDY GOUP RECOMMENDATIONS
Attachment 3 – WSCA Cost Analysis
(Based on 2005-2008 ND purchases of Mainstream Desktop, Power User Desktop, Mainstream Laptop)

The following chart shows a comparison of purchases of similar models[1] of PC equipment from the WSCA Premium Savings Package Pricing (PSPP) contract and our current ND contract. Each column shows the cumulative discount from the standard WSCA contract price during the period of January 1, 2005 through December 31, 2008.

- The first (blue) column is based on average PSPP pricing across all three PSPP vendors (Dell, HP, Lenovo).
- The second (red) column is based on average PSPP pricing from HP.
- The third (green) column is based on current ND contract pricing from HP.

[1] Mainstream Desktop, 3216 units, WSCA PSPP (Avg) = $652, WSCA PSPP (HP Only) = $568, Current ND Contract = $550, WSCA Std Price = $909
Power User Desktop, 1497 units, WSCA PSPP (Avg) = $758, WSCA PSPP (HP Only) = $672, Current ND Contract = $767, WSCA Std Price = $1063
Mainstream Laptop, 1228 units, WSCA PSPP (Avg) = $1141, WSCA PSPP (HP Only) = $1166, Current ND Contract = $1334, WSCA Std Price = $1467